

TOYOTA LEASING (THAILAND) CO., LTD.

No. 68/2017

6 October 2017

Issue Ratings:

 Guaranteed AAA
 Short-term guaranteed T1+

Outlook: Stable

Issue Ratings History:

Date	Rating	Outlook/Alert
27/10/10	AAA, T1+	Stable
12/03/10	AAA	Stable
12/01/06	AAA, T1+	Stable
07/10/04	AAA	Stable

Contacts:

 Siriwan Weeramethachai
 siriwan@trisrating.com

 Saowanit Woradit
 saowanit@trisrating.com

 Taweekchok Jiamsakunthum
 taweekchok@trisrating.com

 Raithiwa Naruemol
 raithiwa@trisrating.com

WWW.TRISRATING.COM
Rating Rationale

TRIS Rating affirms the ratings of Toyota Leasing (Thailand) Co., Ltd.'s (TLT or Issuer) guaranteed debentures, issued under its Bt60,000 million medium-term debenture program, at "AAA". TRIS Rating also affirms the ratings of TLT's guaranteed debentures under the short-term debenture, No. 1/2559 and No. 1/2560, at "T1+". At the same time, TRIS Rating assigns the rating to TLT's proposed issue of up to Bt12,000 million in guaranteed debentures under the medium-term debenture program at "AAA".

Both the short- and medium-term debentures of TLT are guaranteed by Toyota Motor Finance (Netherlands) B.V., (TMF or Guarantor). TMF is a wholly-owned subsidiary of Toyota Financial Service Corporation (TFS), which is 100% held by Toyota Motor Corporation (TMC), the ultimate parent company. All three companies, TMF, TFS, and TMC, are rated "AA-" by S&P Global Ratings and "Aa3" by Moody's Investors Service (Moody's), with short-term issue ratings at "A-1+" by S&P Global Ratings and at "P-1" by Moody's.

TMC reported that it sold 8.971 million units of car in fiscal year 2017 (FY2017: April 2016-March 2017), increasing by 3.3% from the number of 8.681 million units it sold in FY2016. The sales were 2.215 million units for the first quarter of FY2018, compared with the number of 2.172 million units for the same period in FY2017. TMC's financial performance has improved over the past few years, supported by the ongoing cost reduction efforts and the recovery of auto demand in the United States (US). Net income slightly dropped to 1,831 billion yen for FY2017, a decrease of 20.8% from the same period of FY2016, due mainly to the effects of fluctuation in foreign exchange rates. However, net income continued to improve to 613 billion yen for the first quarter of FY2018, rising by 11% from the same period of FY2017. TMC's market and competitive positions remain strong, supported by its broad product lines, wide geographic market coverage, technological leadership, and low level of financial risk.

The ratings of TLT's short- and medium-term debentures reflect the unconditional and irrevocable guarantee given by TMF, whose rating is based on the credit strength of TMC. Under this guarantee structure, TMC has provided a Credit Support Agreement (CSA) to TFS, which has, in turn, provided a CSA to TMF. Under the terms of the CSA, TMC will provide sufficient liquidity for the obligations of bonds, debentures, and commercial papers of both subsidiaries, TFS and TMF. TMC will also provide sufficient liquidity for TMF's guarantee obligations. The guarantee is governed by the Dutch law and is unconditional and irrevocable. The guarantee provides punctual payment for the debentureholders of all sums payable by TLT. For the guarantee of the medium-term debentures, the obligations of TMF rank at least pari passu with all other present and future unsecured and unsubordinated indebtedness of TMF. The guarantee cannot be amended or terminated without the consent of both the debentureholders' representatives and the Guarantor, TMF.

The Guarantor will not be under any obligation to make payment for the Issuer's failure to pay as a result of any of the following actions by any Thai government agency: (1) interruption of payment by causing Issuer to be unable to transfer monies or to convert foreign currency to the Registrar or debentureholders to pay debt obligations; (2) causing the transfer of majority shareholding

CreditUpdate reviews ratings of companies or debt issues that have already been rated by TRIS Rating. The CreditUpdate occurs when new debt instruments are issued or if significant events have taken place that may impact a company's current ratings or when current ratings are cancelled. The CreditUpdate announces whether a rating has been "upgraded," "downgraded," "affirmed" or "cancelled." The update includes information to supplement the previously published ratings.

CreditUpdates are part of TRIS Rating's monitoring process. TRIS Rating monitors every rating it assigns until either the debt instrument matures or the rating contract ends. To keep the public informed of changing situations, TRIS Rating periodically issues announcements about the credit ratings it monitors.

in, or control over the Issuer to a third-party not associated with the Toyota Group; (3) expropriation or nationalization of at least 10% of the net value of hire purchase receivables of the Issuer and its subsidiaries; and (4) expropriation or nationalization that has the effect of preventing the Issuer and its subsidiaries from carrying on business. TRIS Rating believes that the above events are highly unlikely to occur.

Rating Outlook

The “stable” outlook reflects the creditworthiness of TMF or TLT’s Guarantor. TMF’s credit profile reflects the creditworthiness of the ultimate parent, TMC. TMC’s current international scale company ratings of “AA-/Stable” assigned by S&P Global Ratings and “Aa3/Stable” by Moody’s still reflect TMC’s relatively strong credit profile when compared with a “AAA” rating, the highest national scale rating, based on TRIS Rating’s database of rated companies in Thailand. The ratings and/or outlook for TLT’s guaranteed debentures could be revised should there be any changes in TMC’s creditworthiness.

Toyota Leasing (Thailand) Co., Ltd. (TLT)

Issue Ratings:

Bt60,000 million guaranteed debentures under medium-term debenture program:	
- TLT17NA: Bt2,000 million guaranteed debentures due 2017	AAA
- TLT184B: Bt3,500 million guaranteed debentures due 2018	AAA
- TLT188B: Bt3,100 million guaranteed debentures due 2018	AAA
- TLT192B: Bt3,500 million guaranteed debentures due 2019	AAA
- TLT194A: Bt5,000 million guaranteed debentures due 2019	AAA
- TLT198B: Bt8,000 million guaranteed debentures due 2019	AAA
- TLT19NA: Bt2,280 million guaranteed debentures due 2019	AAA
- TLT201B: Bt1,000 million guaranteed debentures due 2020	AAA
- TLT202A: Bt4,500 million guaranteed debentures due 2020	AAA
- TLT204A: Bt3,000 million guaranteed debentures due 2020	AAA
- TLT205A: Bt3,300 million guaranteed debentures due 2020	AAA
- TLT208A: Bt4,000 million guaranteed debentures due 2020	AAA
- TLT20NA: Bt1,120 million guaranteed debentures due 2020	AAA
- TLT212A: Bt3,200 million guaranteed debentures due 2021	AAA
- Up to Bt12,000 million guaranteed debentures due within 7 years	AAA
Bt80,000 million guaranteed debentures under short-term debenture program No. 1/2559	T1+
Bt20,000 million guaranteed debentures under short-term debenture program No. 1/2560	T1+
Rating Outlook:	Stable

Financial Statistics and Key Financial Ratios*
Toyota Motor Corporation (TMC)

Unit: Million yen

	Apr-Jun 2017	----- Fiscal Year Ended 31 March -----			
		2017	2016	2015	2014
Net revenues	7,047,606	27,597,193	28,403,118	27,234,521	25,691,911
- Sales of automotive products	6,578,122	25,813,496	26,549,111	25,612,836	24,312,644
- Financing operations	469,484	1,783,697	1,854,007	1,621,685	1,379,267
Gross profit	1,135,391	4,270,461	5,093,025	4,696,474	4,324,399
Operating income	574,294	1,994,372	2,853,971	2,750,564	2,292,112
Gross interest expense	4,388	29,353	35,403	22,871	19,630
Funds from operations (FFO)	820,244	3,078,332	3,894,045	3,364,005	2,941,494
Total assets	49,456,031	48,750,186	47,427,597	47,729,830	41,437,473
Total debts	19,577,583	19,155,727	18,293,153	18,977,887	16,327,393
Total liabilities	30,432,228	30,081,233	29,339,411	30,082,501	26,218,486
Minorities interest	663,043	668,264	861,472	859,198	749,839
Shareholders' equity	17,874,283	17,514,812	16,746,935	16,788,131	14,469,148
Operating income before depreciation and amortization as a % of net revenues	13.83	13.06	15.77	15.27	13.79
Pretax return on permanent capital (%)**	1.75	5.98	8.34	8.30	8.25
Total debt/capitalization (%)	51.36	51.30	50.95	51.82	51.76
Earnings before interest, tax, depreciation, and amortization (EBITDA) interest coverage (times)	241.92	129.48	131.35	185.24	186.52
FFO/total debt (%)**	4.19	16.07	21.29	17.73	18.02

* Consolidated financial statements

** Non-annualized

TRIS Rating Co., Ltd.

Tel: 0-2231-3011 ext 500 / Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand www.trisrating.com

© Copyright 2017, TRIS Rating Co., Ltd. All rights reserved. Any unauthorized use, disclosure, copying, republication, further transmission, dissemination, redistribution, or storing for subsequent use for any purpose, in whole or in part, in any form or manner or by any means whatsoever, by any person, of the credit rating reports or information is prohibited, without the prior written permission of TRIS Rating Co., Ltd. The credit rating is not a statement of fact or a recommendation to buy, sell or hold any debt instruments. It is an expression of opinion regarding credit risks for that instrument or particular company. The opinion expressed in the credit rating does not represent investment or other advice and should therefore not be construed as such. Any rating and information contained in any report written or published by TRIS Rating has been prepared without taking into account any recipient's particular financial needs, circumstances, knowledge and objectives. Therefore, a recipient should assess the appropriateness of such information before making an investment decision based on this information. Information used for the rating has been obtained by TRIS Rating from the company and other sources believed to be reliable. Therefore, TRIS Rating does not guarantee the accuracy, adequacy, or completeness of any such information and will accept no liability for any loss or damage arising from any inaccuracy, inadequacy or incompleteness. Also, TRIS Rating is not responsible for any errors or omissions, the result obtained from, or any actions taken in reliance upon such information. All methodologies used can be found at http://www.trisrating.com/en/rating_information/rating_criteria.html.